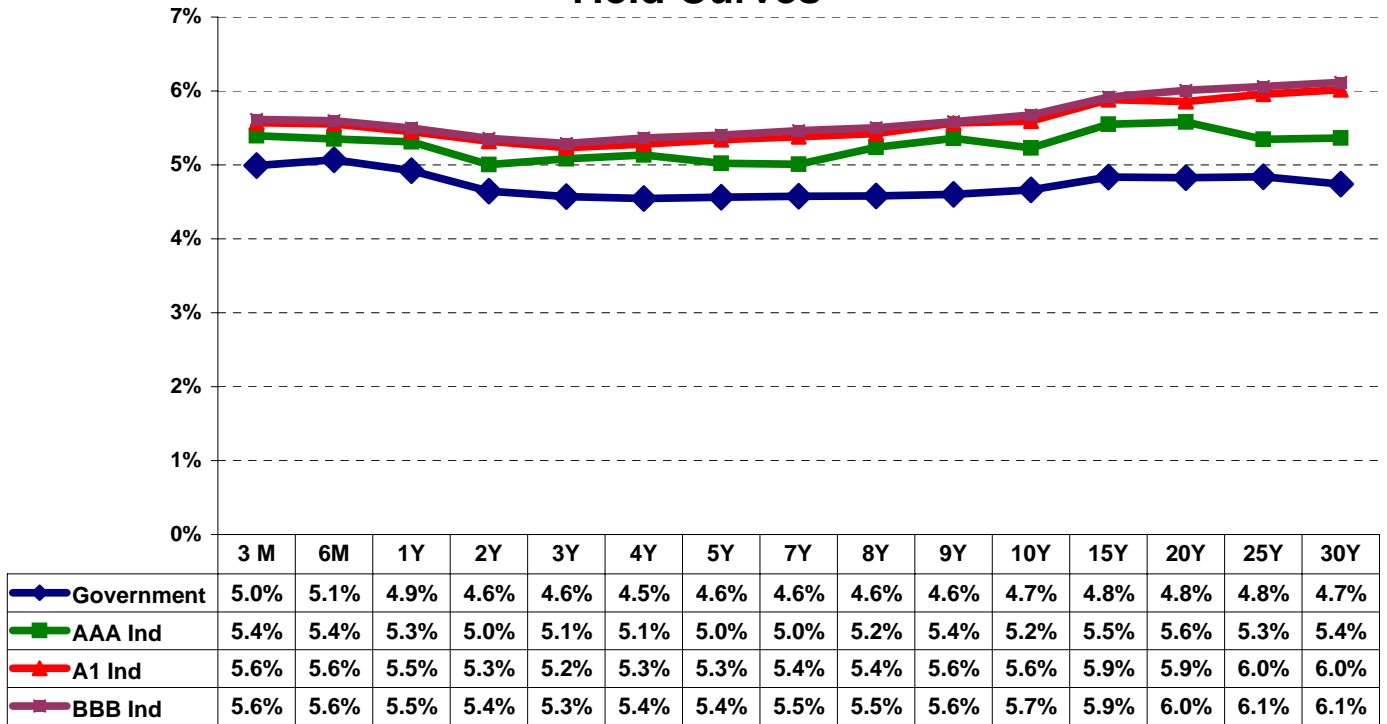
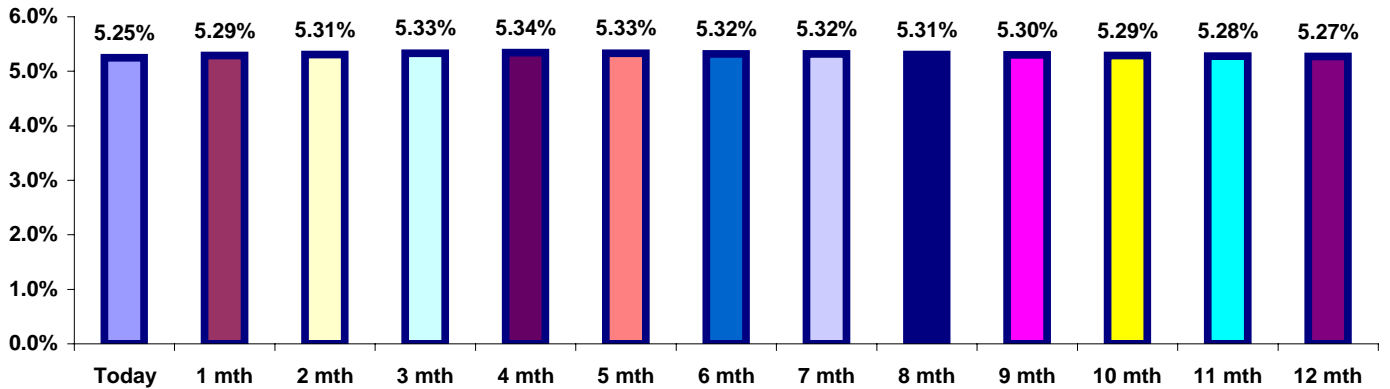


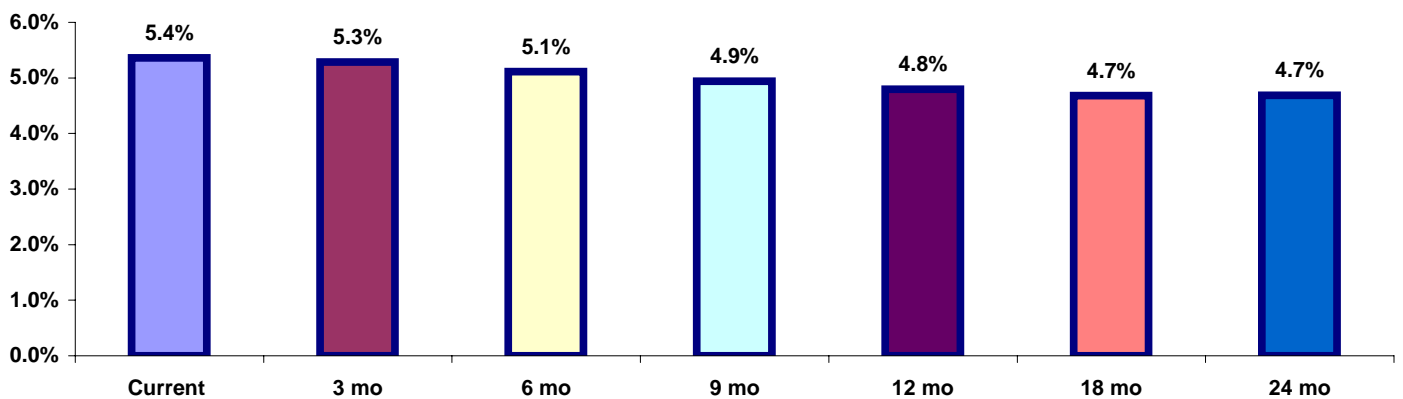
## Yield Curves



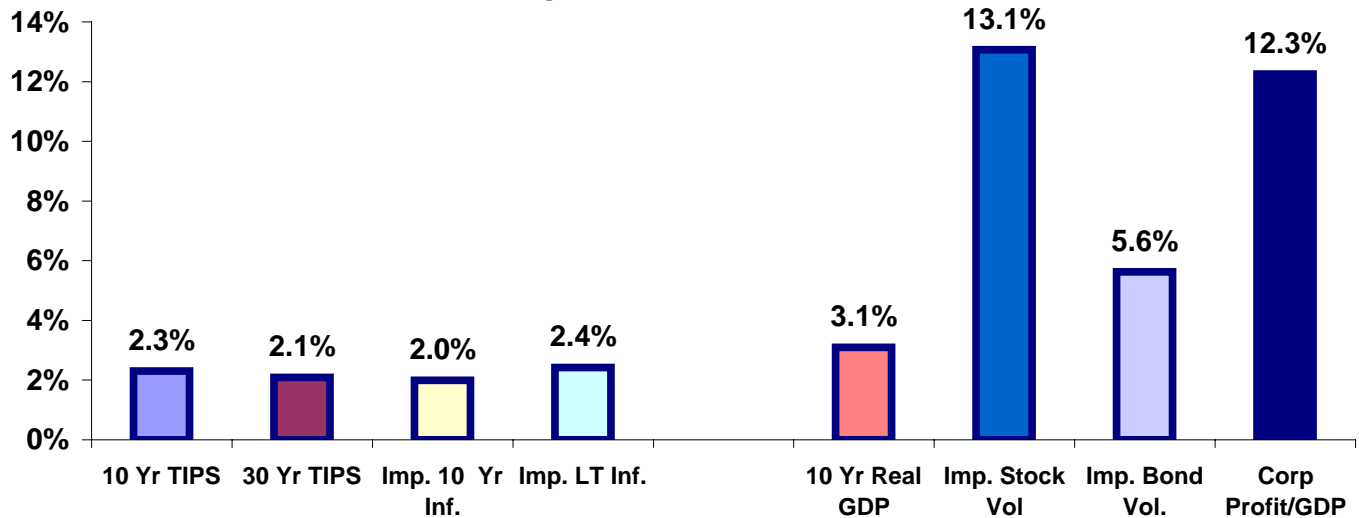
## FED FUNDS FUTURES



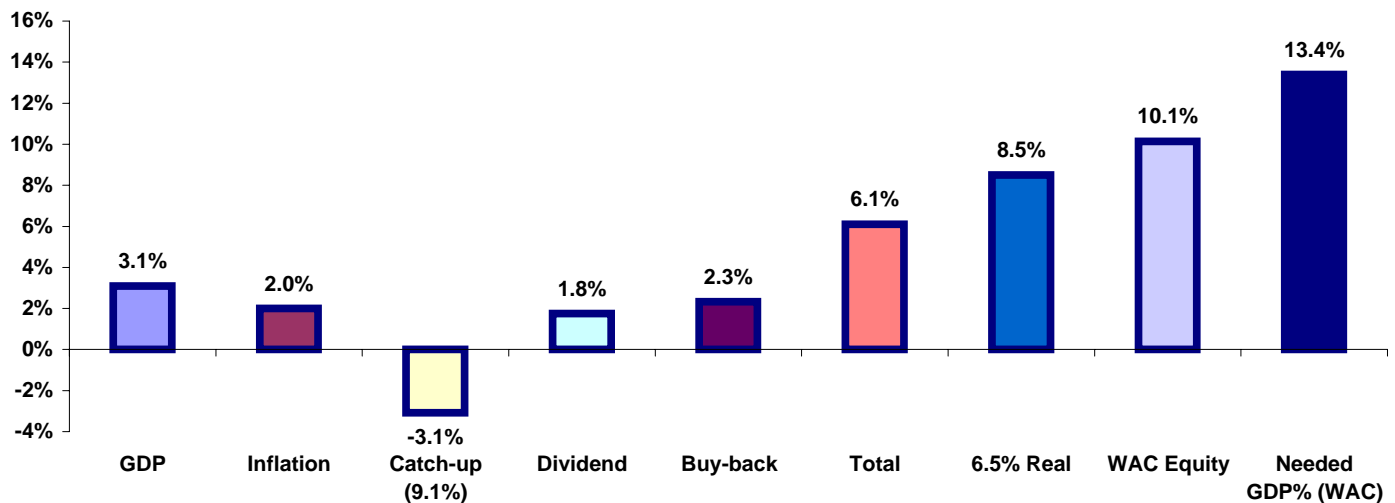
## 90 DAY EURO\$ FUTURES



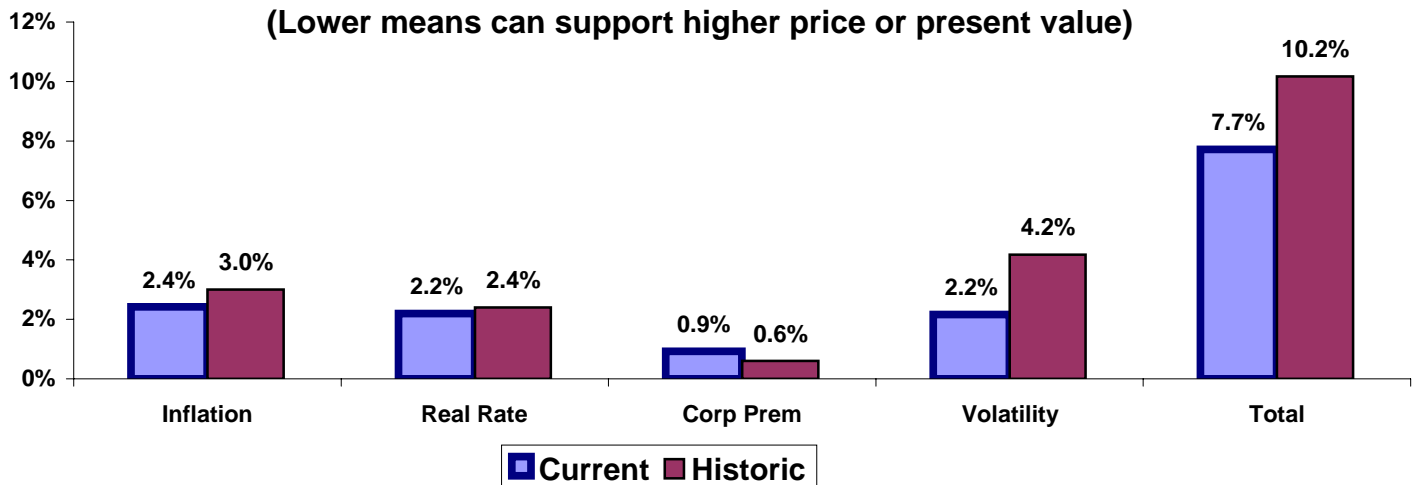
## Real Yields, Implied Inflation and Misc. Data

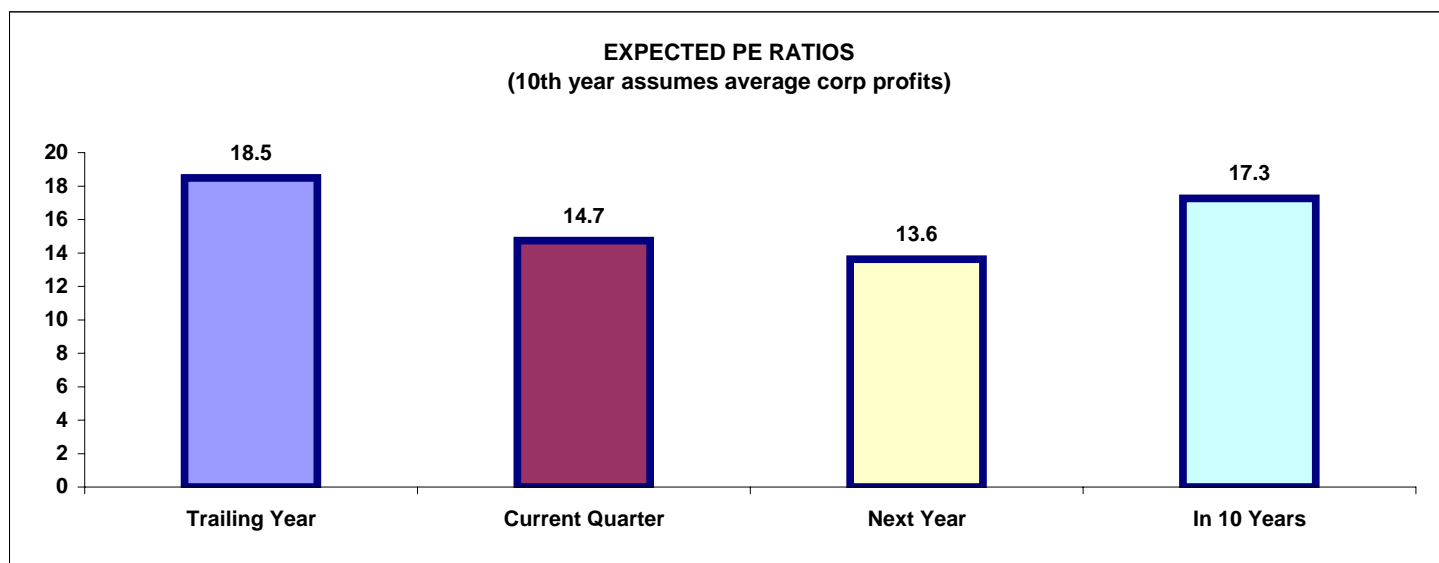
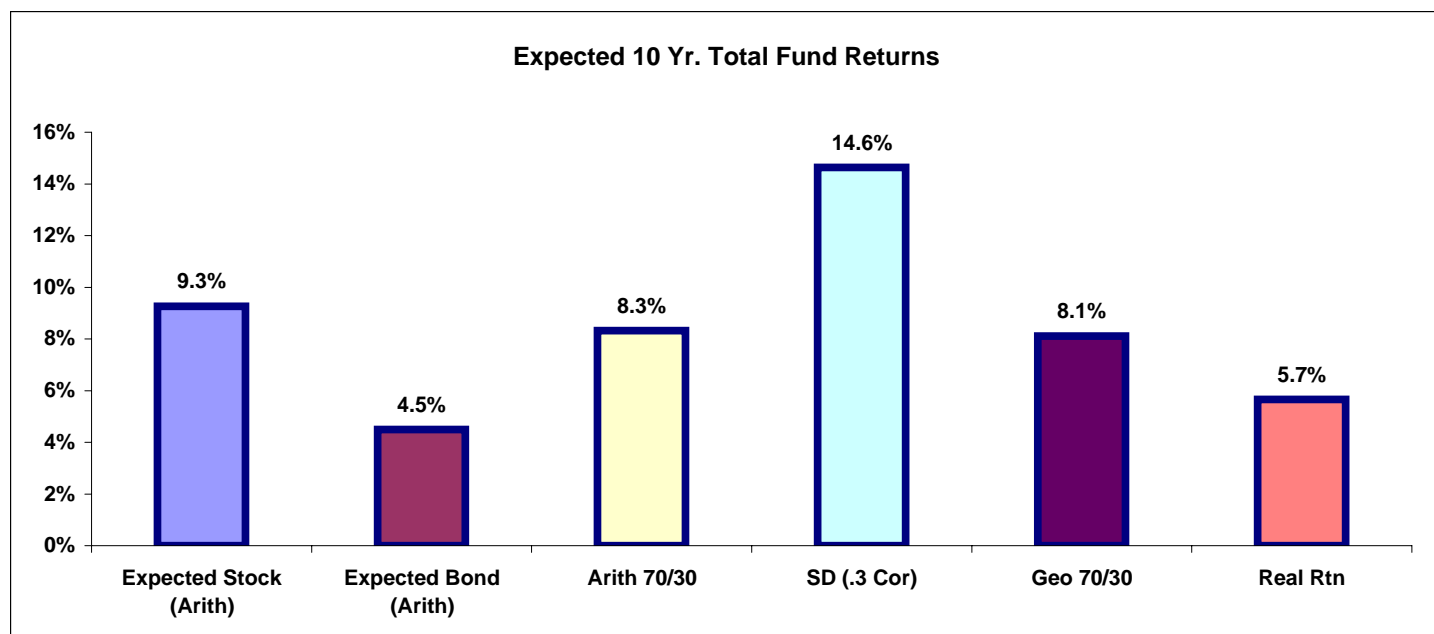
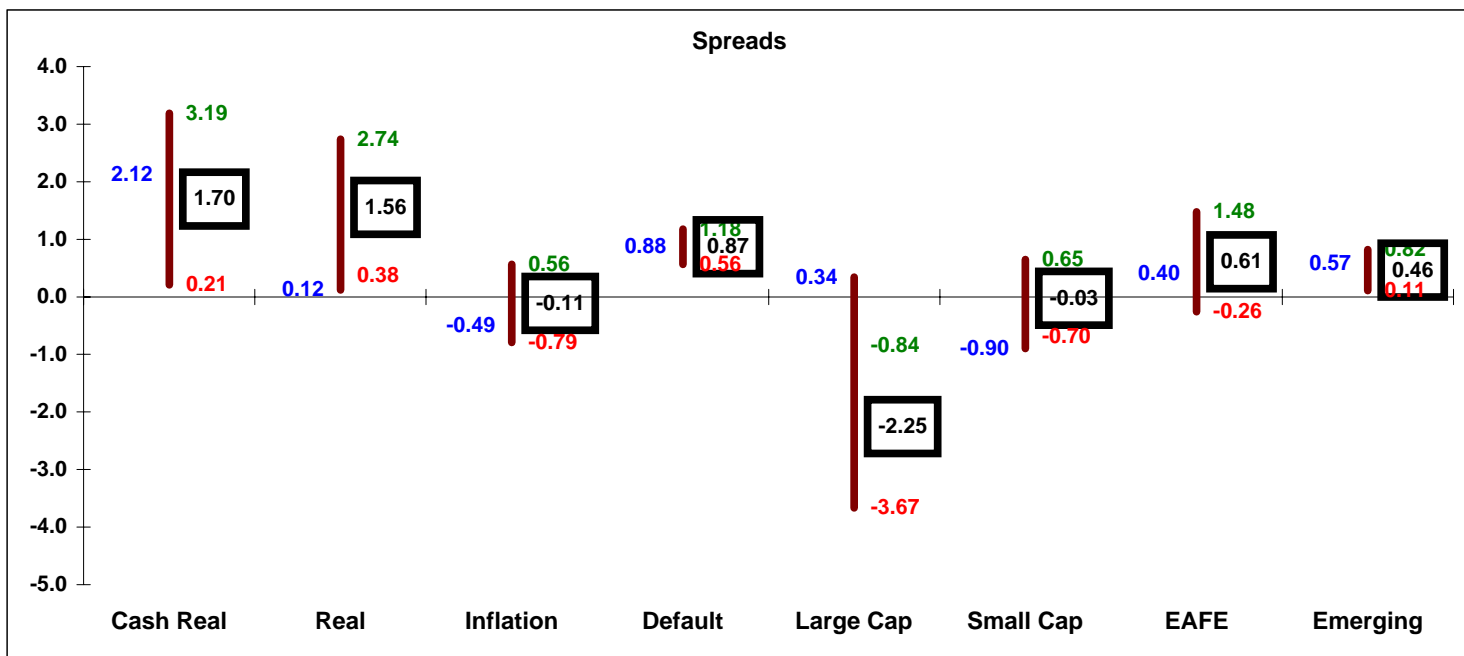


## Expected 10 Year Stock Return and Sources (Current P/E remains the same)

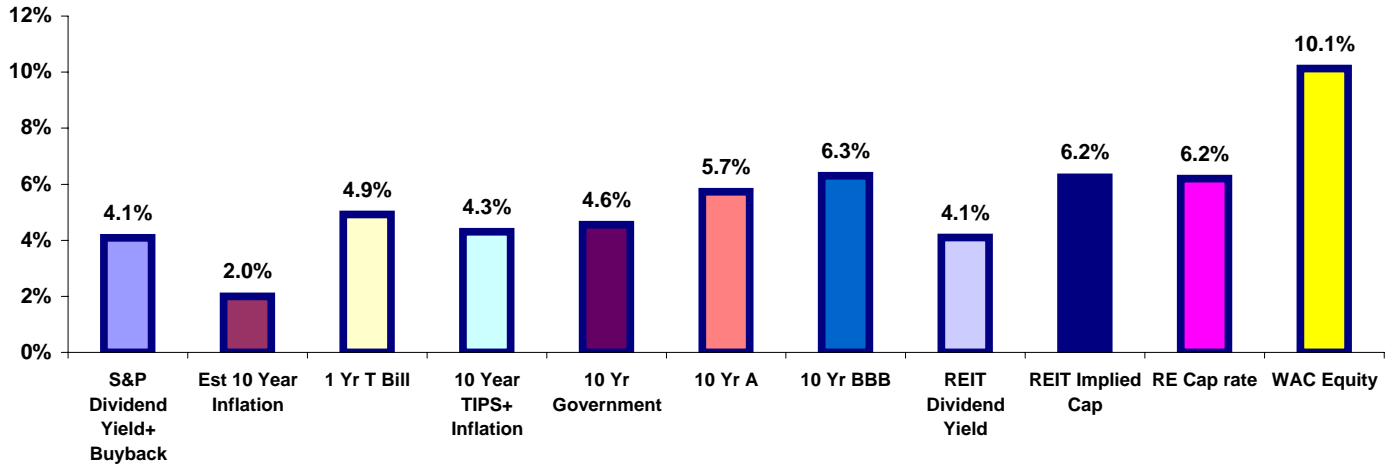


## Needed Equity Discount Rate (k) (Lower means can support higher price or present value)

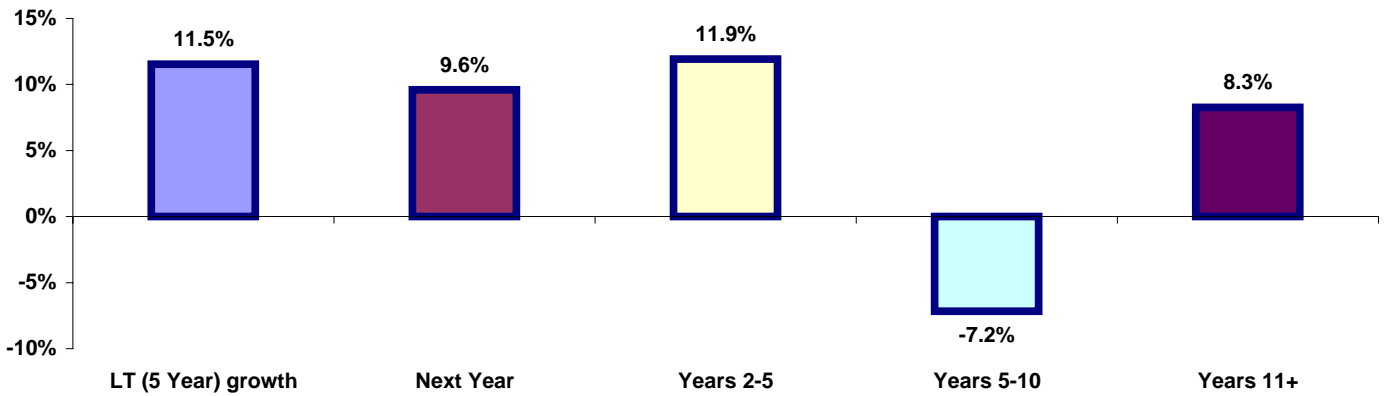




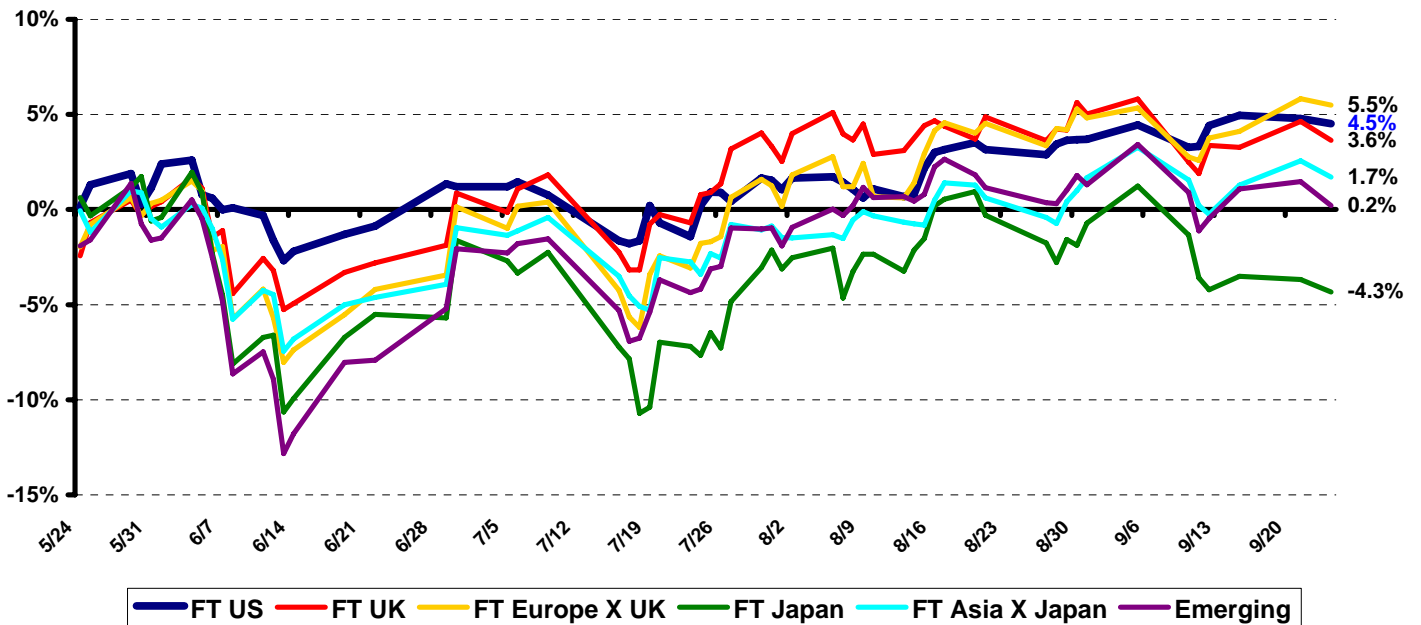
### Capital Market Yields and Rates



### Estimated S&P 500 Earnings Growth (5 years current estimates, 5-10 implied)



### Short-Term Cumulative Returns



	(billions)	% GDP	Range - Low	Average	High	1 SD
Current GDP (QoQ Annual )	\$ 13,209.70	2.9%	-7.9% (1980)	3.4%	16.3% (1978)	3.70%
Corporate Profits	\$ 1,618.60	12.3%	6.0% (1982)	9.1%	13.0% (1950)	1.47%
After tax Profits	\$ 1,349.00	10.2%	3.1% (1986)	5.6%	7.6% (1978)	
S&P Earnings (trailing Yr)	\$ 579.58	4.4%				
S&P Earnings (current qtr)	\$ 700.25	5.3%				
Wages and salaries	\$ 6,142.40	46.5%	36.6% (1993)	40.1%	42.9% (1959)	1.39%
WACC	8.6%		ROE on Book	22.9%		
WAC Equity	10.1%		Current P/E	14.5		
WAC Debt	3.7%		Dividend Yield	1.8%		1.8%
Debt to Capital	26%		Share Repurchase	2.3%		(SPX)
Price/EBITDA	8.3		Payout ratio	31.5%		
Price/Book	2.8		Trailing PE	17.3		

## Fixed Income

10 Yr Government	4.6%	Fed funds		90 Day Euro\$ Yields	
10Y Volatility	4.5%	Today	5.25%	Current	5.4%
10 Yr TIPS	2.3%	1 mth	5.29%	3 mo	5.3%
10 Yr A Corporate	5.7%	2 mth	5.31%	6 mo	5.1%
10 Yr BBB Corporate	6.3%	3 mth	5.33%	9 mo	4.9%
		4 mth	5.34%	12 mo	4.8%
20 Yr Government	4.8%	5 mth	5.33%	18 mo	4.7%
20 Yr AA Corporate	5.8%	6 mth	5.32%	24 mo	4.7%
30 Yr Government	4.7%	7 mth	5.32%		
30 Yr A Corporate	5.9%	8 mth	5.31%		
30 Yr TIPS	2.1%	9 mth	5.30%		
LT Bond Volatility	6.8%	10 mth	5.29%		
		11 mth	5.28%		
Implied Inflation LT	2.4%	12 mth	5.27%		
Implied 10 Yr Inflation	2.0%				

## Equity

	P/E Ratio	EPS	Growth Estimates		
Trailing Year	18.5	\$ 2.76	LT (5 Year) growth	11.5%	
Current Quarter	14.7	\$ 3.24	Next Year	9.6%	9.6%
Next Quarter	14.0	\$ 3.40	Years 2-5	11.9%	11.9%
This Year	14.5	\$ 3.25	Years 5-10	-7.2%	-2.3%
Next Year	13.6	\$ 3.57	Years 11+	8.3%	8.3%
Dividend Yield	1.8%		From Nom GDP	6.1%	6.1%
Share repurchase Yield	2.3%		From Share Repurchase	2.1%	2.1%
Payout ratio (Bloomberg)	31%				
LT (5 Year) growth	11.5%	\$ 5.60	Implied % of GDP at 5th Year	Gross 18.2%	After Tax 15.1%
Net Profit		Gross Profits	RE Cap Rate	6.2%	
Needed return	8.5%	8.5%	REIT cap Ra	6.2%	
Begin P/E (next year)	13.6	13.6	REIT Div	4.1%	
Earnings Yield	7.3%	7.3%	10 Yr Rtns		
Begin Div Yield	1.8%	1.8%	Exp. 10 Yr Geo Rtn	Current 8.5%	Historic 8.5%
Likely 10 Yr earnings growth	1.7%	4.4%	Volatility (VIX)	13.1%	21.0%
Allowable end P/E (11th Yr)	24.9	17.3	Exp 10 Yr. Arith Rtn	9.3%	10.5%
Current Price Book	2.8	2.8	Exp. 10 Yr Bond Rtn	4.5%	4.5%
Imp Next Year ROE on Book	20.3%	20.3%	10 Yr Bnd Volatility	4.5%	6.0%
			70-30 return	8.3%	9.1%
Implied Future Earnings Yield	4.0%	5.8%	70-30 SD (.3 Cor)	9.6%	14.6%
Implied Dividend	1.3%	1.8%	70-30 Geo Rtn	7.9%	8.1%
LT Return (6.5% + Inf)	9.5%	8.9%	Real return	5.5%	5.7%
Assumed LT Real GDP	3.1%	3.0%			
Implied ending Price/Book	3.0	1.8	Assumed 10 yr Real GDP	3.1%	
Implied ROE on Book	12.1%	10.4%			

# FACTORS

## Recovery Continues at Moderate Pace

GDP Real Growth QOQ (annualized)	2.90%					
	MOM	YOY	Apr-02			
Leading Economic Indicators (% change)	-0.2%	0.4%	-18.8%	High	Average	Low
ISM Manufacturing	54.5		53.9	57.5 (12/99)	51.5	43.2 (3/01)
ISM Non-manufacturing	57.0		55.3	62.1 (10/97)	56.3	40.5 (10/01)

## Inflation Stays Under Control

Inflation QOQ (annualized)	3.30%
----------------------------	-------

## Consumer Spending Remains Healthy

Consumer Spending QOQ (annualized)	2.60%					
Real Consumer Spending (annualized)	-0.70%	Apr-02		High	Avg	Low
University of Michigan Survey	84.4	93		107.3 (6/99)	92.6	65.5 (12/90)

## Tech and Telecom Do Not Drive Recovery

S&P 1500 since 4/30/02	24.3%
NASDAQ 100 since 4/30/02	27.6%
NASDAQ Telecom since 4/30/02	46.5%
NASDAQ Computer since 4/30/02	22.9%

## Emerging Markets strong, Japan weak, Europe moderate

EAFE returns since 4/30/02	60.70%
Europe	85.80%
Asia	81.22%
Japan since 4/30/02	66.42%
Emerging Markets since 4/30/02	116.78%

## Corporate Spreads Narrow

	Spread	High	Average	Low
10 Year A over Government on 4/30/02	1.60%	2.18% (1/01	1.31%	0.67% (8/97)
Current 10 Year A over Government	1.18%			
		High	Average	Low
30 Year A over Government on 4/30/02	1.88%	3.33% (10/8	1.49%	0.64% (5/84)
Current 30 Yr A over Government	1.17%			
		High	Average	Low
10 Year BBB over A on 4/30/02	0.80%	1.13% (1/02	0.57%	0.16% (11/97)
Current 10 Year BBB over A	0.57%			

## Fed Policy Expected to be Benign

	Current	Expected Level
Expected 12 month tightening on 4/30/02	0.75%	1.75%
Current expected 12 month tightening	0.02%	5.27%

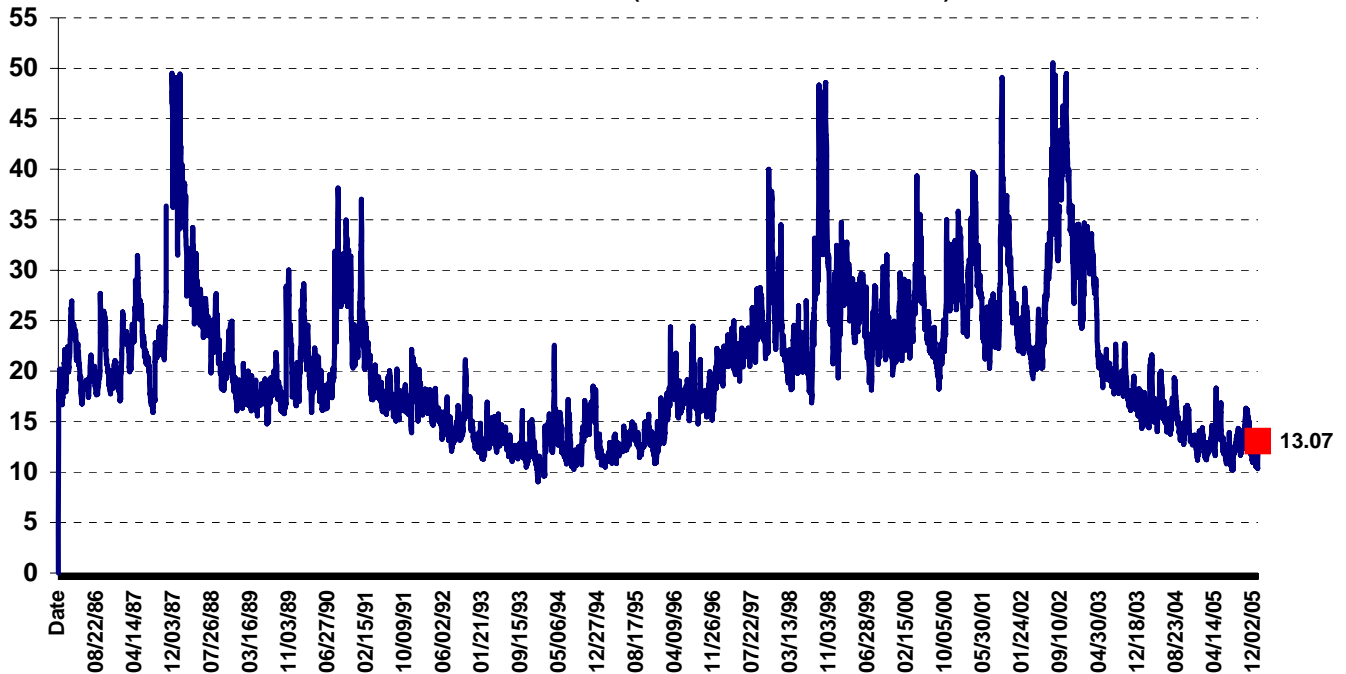
## US \$ Moderate Weakness against Euro and Pound

	\$ vs currency
Japan (\$ % change since 4/30/02)	116.4 -9.4%
UK	1.90 -23.2%
Euro	1.27 -29.3%

## US Productivity Continues at 2% - 2.5% or above

		High	Average	Low
Nonfarm Productivity Increase QOQ	1.6%	9.9% (6/83)	1.7%	-5.0% (3/93)
Nonfarm Productivity Increase YOY	2.5%	5.3% (9/83)	1.6%	-2.2% (3/82)

## VIX (Stock Volatility) Index 1981-2005 (Late October 1987 Excluded)



	w/o 10/87	With 10/87
Average Volatility	21.3	21.6
St. Deviation	7.1	8.3
Minimum	9.1	9.1
Maximum	50.1	150

## Future Levels of Corp Profits and SP500 Earnings as % of GDP if Growth Estimates are Correct

